

February 5, 2015

Hello my name is Brian Capshaw I am the resident council president at the nursing home Green Springs Healthcare and Rehab, in East Hartford, where I live. I'm submitting/testifying regarding SB 231, HB 5586 and HB 5812 Cost of Living Increase for Nursing Homes.

Co-chairs Senator Moore, Representative Abercrombie, ranking members Senator Markley and Representative Wood I'm honored to be here to comment on these bills.

I arrived at 51 Applegate Lane East Hartford a Heaven Health facility in late 2007, when they ran into issues we were brought by a Kansas City Missouri Company Tutura Healthcare in 2009. When Tutura decided to sell we were brought by Aurora Health Management of Millersville Maryland in 2011. When Aurora decided they to sell, they sold the 5 nursing homes they operated in Connecticut, so as of October 1st 2014 were are owned by a gentlemen from New Jersey and called Greensprings Healthcare and Rehab. So I looked at these bills and thought, if the Medicaid reimbursements are not covering the cost of care why do I keep getting owners from out of state?

Working on a project for the National Consumer Voice for Quality Long Term Care, I used a freedom of information request to obtain the cost reports for 2012 and 2013 for all Connecticut nursing homes. For the state as a whole 2013 showed revenue of \$2.5 billion dollars for nursing homes with earnings before interest, depreciation and amortization (EBIDA), a good look at the amount of cash a company generates, of over \$40 million. So to answer my question, why do I keep getting out of state owners, I decided to look at the Aurora, a for profit company, cost reports and found they had positive cash flow for the 2 years of almost \$1 million and 5% of net sales or \$6.3 million went back to Maryland as a management fee. So if the amounts were similar for 2011 and 2014 \$12.6 million would have gone back to Maryland for the 4 years they operated in Connecticut. Does this sound like costs are not being covered? I'm sure some nursing homes could use an increase, but as whole, from my point of view and as a former corporate accountant in the business world, the nursing home industry in Connecticut appears to be financially stable.

I'd like to thank the committee for the opportunity to testify on these bills regarding cost of living increases for nursing homes.